

State of California  
Business, Transportation and Housing Agency  
Department of Transportation

POLICY MATTERS  
STIP State-only Funding Policy

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Agenda Item: 4.2c

*Original Signed By* \_\_\_\_\_  
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August 1, 2001

**STIP STATE-ONLY FUNDING POLICY**  
**RESOLUTION G-01-\_\_\_\_\_**

**BACKGROUND**

When the State-Only Funding Policy was adopted in December 1998, the State Highway Account cash balance was \$1.7 billion and projected to increase. This provided sufficient capacity to be flexible and adopt a policy that would support relaxing the requirement that all projects be federalized. The policy provided a state-only funded program of \$288 million in the 2000/01 fiscal year, with \$212 million of that amount for local STIP projects. Extending the policy to the 2001/02 fiscal year will authorize an additional \$606 million of state-only funds with \$422.5 of that amount for local STIP projects.

The State Highway Account cash balance at the end of July 2001 was down from \$1.7+ billion to \$1.4 billion, and projected to fall to \$0.9 billion by the end of the 2001/02 fiscal year. This provides the ability to continue the current policy for state-only funding through the end of the 2001/02 fiscal year. However, the level of commitment against the State Highway Account requires that continuation of the state-only policy be re-evaluated annually and monitored closely.

**RECOMMENDATION**

The Department recommends that the current state-only funding policy be rescinded, and replaced with the following:

**CALIFORNIA TRANSPORTATION COMMISSION  
STIP State-Only Funding Policy**

**Resolution G-01-\_\_\_**

- 1.1** BE IT RESOLVED, that currently programmed STIP projects, which have been previously approved for state-only funds are still approved.
- 1.2** BE IT FURTHER RESOLVED, that future requests for programming new projects within the following categories shall be given priority for state-only funding, pending review by the Department and confirmation to the Commission that sufficient funds are available.
  - Projects with a total cost of \$750,000 or less;
  - Planning, programming and monitoring activities;
  - Regional rideshare and traffic demand management activities;
  - Match for local Federal funds.
- 1.3** BE IT FURTHER RESOLVED, that all other new projects programmed in the STIP, which are not in one of these categories, are required to be federalized. Exceptions to this requirement may be approved pending a review and approval of the project need for state-only funding and verification that sufficient funds are available.
- 1.4** BE IT FURTHER RESOLVED, that project exception requests for state-only funding shall be included in the submittal to the Commission of the 2002 Regional or Interregional Transportation Improvement Programs. These requests will be forwarded to the Department for review of the Region's justification on the appropriateness, benefit to accelerated delivery, and reduction in cost for individual projects; and, the availability of state-only funds. The Department shall offer technical advice to facilitate the use of federal funds in those instances when the Department does not recommend the designation of state-only funding at the time of programming. Regional agencies requesting state-only funding shall do so with the understanding that changes in the availability of state-only funding may necessitate shelving a project cleared for state only funding until such time as state-only funds become available, or federalizing the project.
- 1.5** BE IT FURTHER RESOLVED, that state-only funding approval for projects will be confirmed as part of the STIP adoption.
- 2.1** THEREFORE BE IT FURTHER RESOLVED, that the Department shall monitor the use and availability of state-only funds, report to the Commission annually in July on its findings with recommendations as necessary for modification of the policy.